

AMENDED IN SENATE MAY 12, 2005

AMENDED IN SENATE APRIL 18, 2005

SENATE BILL

No. 709

Introduced by Senator Speier

February 22, 2005

An act to amend Section 84040.6 of, and to add Section 84040.7 to, the Education Code, relating to community colleges.

LEGISLATIVE COUNSEL'S DIGEST

SB 709, as amended, Speier. Community colleges: audits.

Existing law establishes the California Community Colleges under the administration of the Board of Governors of the California Community Colleges. Existing law authorizes the establishment of community college districts under the administration of community college governing boards, and authorizes these districts to provide instruction at community college campuses throughout the state. Existing law establishes a system for the apportionment of state funding to community college districts. This system is generally based on calculations related to the number of full-time equivalent students (FTES) in attendance at each district.

Existing law requires the governing board of each community college district to provide for an annual audit of all funds, books, and accounts of the district in accordance with regulations of the board of governors. Existing law also requires the board of governors, in cooperation with, and upon approval by, the Department of Finance, to prescribe the statements and other information to be included in the community college districts' audit reports.

Existing law requires the board of governors to report to the Joint Legislative Audit Committee on the number and nature of audit exceptions and the estimated amount of funds involved in the

exceptions, a list of districts that failed to file their required audits, and the actions taken by the Department of Finance to eliminate audit exceptions and comply with management improvement recommendations.

This bill would require that this annual report also include a summary of any and all audit exceptions found by the office of the Chancellor of the California Community Colleges and the actions taken by the chancellor in response to those audit findings.

The bill would require the board of governors to establish a system for collecting information from students regarding errors in the reporting of classes on ~~transcripts~~ *end-of-term grade reports*. The bill would also require the board of governors to examine the formula that determines the level of funding for both credit and noncredit classes for the purpose of determining whether the formula should be amended in a manner that would help prevent errors by community college districts in the reporting of class enrollment for apportionment. The bill would require the board of governors to report its findings and recommendations in this regard, in writing, to the Director of Finance and the Legislature on or before October 1, 2006.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 84040.6 of the Education Code is
- 2 amended to read:
- 3 84040.6. On June 30, 1991, and each year thereafter, the
- 4 Board of Governors of the California Community Colleges shall
- 5 report to the Joint Legislative Audit Committee on all of the
- 6 following:
- 7 (a) The number and nature of audit exceptions and estimated
- 8 amount of funds involved in the exceptions.
- 9 (b) A list of districts that failed to file their audits pursuant to
- 10 Section 84040.
- 11 (c) The actions taken by the Department of Finance to
- 12 eliminate audit exceptions and comply with management
- 13 improvement recommendations.
- 14 (d) A summary of any and all audit exceptions found by the
- 15 chancellor's office and the actions taken by the chancellor in
- 16 response to the audit findings.

1 SEC. 2. Section 84040.7 is added to the Education Code, to
2 read:

3 84040.7. Notwithstanding any other provisions of law:

4 (a) The board of governors shall establish a system for
5 collecting information from students regarding errors in the
6 reporting of classes on ~~transcripts~~ *end-of-term grade report*. The
7 board of governors shall provide that each student ~~transcript~~
8 *end-of-term grade reports* shall have an annotation that states
9 that, if a student notes that a class that has never been taken
10 appears on his or her ~~transcript~~ *end-of-term grade report*, the
11 student shall report that fact to an entity identified by the board
12 of governors. The board of governors shall establish a method for
13 tracking errors at each community college district for the
14 purposes of determining whether a pattern of errors would
15 warrant an audit of a specific community college campus or
16 district.

17 (b) On or before July 1, 2006, the board of governors shall
18 examine the formula that determines the level of funding for both
19 credit and noncredit classes for the purpose of determining
20 whether the formula should be amended in a manner that would
21 help prevent errors by community college districts in the
22 reporting of class enrollment for apportionment. The findings and
23 recommendations of the board of governors with respect to this
24 matter shall be reported, in writing, to the Director of Finance
25 and the Legislature on or before October 1, 2006.